

July 10, 2007

The Honorable Larry Gossett  
Chair, King County Council  
Room 1200  
C O U R T H O U S E

Dear Councilmember Gossett:

I am pleased to transmit to the King County Council the High Level Business Plan (Plan) for the Accountable Business Transformation (ABT) Program, a motion to adopt the Plan, and a supplemental appropriation ordinance to fund the remaining pre-implementation work including the design and detailed implementation plan for this countywide effort.

ABT is a major step forward in bringing contemporary business practices to King County. This program will implement integrated, efficient and fully effective financial, human resource, and budget business processes that will allow the county to gain greater efficiency and effectiveness in providing high quality, valued service to our citizens. To accomplish this, the ABT Program segmented its body of work into five distinct stages:

- Business Case
- High Level Business Plan (Plan)
- High Level Business Design (Design)
- Detailed Implementation Plan and Costs/Benefits Analysis Update
- System configuration and migration

The Business Case stage concluded with the council's approval of the ABT Program Charter in October 2006. The next stage provided with this transmittal is the High Level Business Plan which has two major objectives: 1) define the ABT Program scope for migrating King County business processes to better align with industry best practices supported by the county's target portfolio of integrated systems, Oracle Financials and PeopleSoft Human Resources/Payroll; and, 2) define the functional budget system requirements for a countywide budget system that forms the basis of a budget system selection process.

To meet these objectives the ABT Program Management Office (PMO) followed a four step approach in completing the High Level Business Plan: 1) a review of past studies and recommendations; 2) a review of non-county studies and recommendations; 3) a validation of the information from these studies; and 4) a process to seek county stakeholders' consensus.

A key strategy in this approach was the selection of county subject matter experts in the areas of finance, human resources, payroll/benefits, and budget, to participate in facilitated business process work sessions that provide the analysis, information and decisions needed. Program accomplishments for the High Level Business Plan stage include:

- Engagement of King County agencies and departments in business transformation through 31 business process work sessions.
- Development of a prioritized list of business processes and high payback areas to be addressed by the ABT Program.
- Decisions on 17 key business areas.
- Completion of a budget system requirements document to form the basis of evaluating and selecting a countywide budget system.
- Limited update of King County Auditor's Office Cost/Benefit Analysis.
- Establishing the ABT Program Management Office and support structure to meet the needs of Program activities.
  - Formation and activation of the ABT governance structure in accordance with the adopted Program Charter.
  - Development of a communications network that informs county managers, staff and employees of ABT Program activities.
  - Implementation of an Issue Management process that allows for countywide input and assures that comments and concerns are tracked.
  - Development of work session materials and logistics to enable the sharing of ideas among ABT Team members and county subject matter experts.
  - Development of an organizational change structure through subject matter experts/change agents to address the impacts of change on county employees.

The ABT Program scope of business processes recommended in the Plan to bring forward into the design stage are those common to most human resource, payroll/benefits and finance business systems. The Plan lists business processes by function and identifies and prioritizes those noted as high payback areas by the 2004 Dye Quantifiable Business Case/Business Operations Model Report.

A budget system requirements document was developed that identifies the county's functional and technical requirements for a countywide budget system. This document will be the basis for a request for proposal (RFP) to solicit proposals for a budget system that meets the stated functional and technical needs of the county.

As part of Plan deliverables, the ABT Program reviewed and updated cost/benefit assumptions for the program. This update is presented to provide a preliminary and high level cost and benefit assessment for the ABT Program. A detailed Costs/Benefits Analysis Update based on more detailed cost estimates derived from the High Level Business Design and Detailed Implementation Plan will be presented to the council in June 2008 to inform the decision to move forward with the Implementation and Migration stage of the ABT Program. The intent in providing this updated cost and benefit information at this stage is to inform the council of the assumptions that will be applied in the June 2008 Costs/Benefits Analysis Update. In summary, the updated recalculation of Net Present Value (NPV) in the attached plan using updated costs and a real discount rate of 7% resulted in an increase in the economic value of moving forward with the ABT Program over that projected by the auditor's report.

The High Level Business Plan, budget system requirements and updated cost benefit assumptions were reviewed and approved in accordance with the ABT Program Charter. Prior to consideration by the first level of ABT governance, the Operations and Change Management Committee, the documents were reviewed by countywide subject matter experts. Following their review the document went to the Operations and Change Management Committee, followed by a review by the External Advisory Committee comprised of five public and private experts, then followed by the Advisory Committee representing all of the separately elected organizations and the Executive branch and finally to the elected leadership of the county in the form of the Leadership Committee. All four committees to consider these documents have given their approval and support for moving to the design stage of ABT planning.

Our panel of public and private external experts was extremely complimentary of our planning approach and the resulting documents and budget. Several members of the External Advisory Committee noted that King County's ABT Program of comprehensive planning with early and active countywide participation is a good model for others to follow.

In addition, the quality assurance consultant who is actively working with the ABT Project Manager in the Program Management Office, has reviewed portions of the Plan and related program activities and noted that the county is ready to initiate the next stage of planning work efforts.

All comments received by the ABT Program Management Office have been recorded to show the comment, the source of the comment, the related section of the report and how the comments were addressed. This approach provides all those commenting with a transparent view of how countywide input into these documents is reflected in the final product.

Completion of the Plan is a key milestone in moving the county towards better business processes that improve county services. The ABT Program's slogan of "Better Information for Better Government" underscores this belief. A key strategy in the ABT Program's approach to completing the Plan was to select county subject matter experts in

the areas of finance, human resources, payroll/ benefits and budget and conduct several work sessions bringing the subject matter experts together to discuss and validate the research and analysis needed to make decisions for migrating business processes to the best practice approaches embedded in the target applications, PeopleSoft and Oracle.

The approach and work session strategy not only resulted in an organized method of research, analysis, validation, and decision making for the business process aspects of the High Level Business Plan, but also provided an impetus to business transformation through teamwork and communications among ABT Program Team members and county subject matter experts. The interactions among the participants helped break down barriers to change by providing a better understanding of ABT Program objectives and how ABT will address county business processes, issues and concerns.

Through countywide participation, the Plan answers the question, "What is the scope of the ABT project in terms of business process change?" With that phase now complete, King County is well positioned to move into the next critical planning stage, the High Level Business Design followed by the Detailed Implementation Plan. The Design stage will next address how we will implement best practice business processes. This work will be followed by the Detailed Plan that defines all elements required for a successful implementation.

The enclosed supplemental appropriation request of \$5,059,194 will provide the incremental funding needed for all of the remaining pre-implementation activities including the preparation of the High Level Business Design, the Detailed Implementation Plan and the detailed Costs/Benefits Analysis Update. This funding also provides for the PMO staffing and the on-going program level work that includes: communication, organization and business process change management, governance, issue management, program and project level reporting and materials and logistics to enable subject matter experts' participation and knowledge transfer.

#### **High Level Business Design (Design)**

In the design planning stage, the ABT PMO will determine along with subject matter experts, application tools and limited consultant resources, how selected business processes will work in the target environment of Oracle Financials and PeopleSoft HCM. A key deliverable of this stage is the development of a blueprint for how best practice business processes will be implemented in the new environment. At the end of this stage, scheduled for fourth quarter of 2007, the ABT PMO will select a systems implementer to work with the county on the final planning stage, the Detailed Implementation Plan.

#### **Budget System**

The plan stage included development of a budget systems requirement document. During the design phase of ABT, the budget process work program will include continued business process review and reengineering. An examination of an application already owned by the county, Oracle's Public Sector Budget system will be evaluated to determine whether it meets the needs of the county as identified in the requirements document. An RFP will be issued if appropriate, and the results will be evaluated. A

vendor may be selected if RFP responses demonstrate a solution based on the budget system requirements.

**Detailed Implementation Plan**

The Detailed Implementation Plan is the last step before program implementation begins. In this stage the ABT PMO will determine the activities, resources and schedule for implementing Oracle Financials, PeopleSoft HCM and a budget system countywide. In addition, this stage will produce the cost/benefit analysis for moving forward with implementation. The ABT PMO will work with consultant resources to determine the: detailed implementation strategy, tasks and timeline, the associated required resources and costs and the resulting Costs/Benefits Analysis Update.

In summary, the county is well-positioned to take the next step with ABT. Our countywide experts are enthusiastic for the next step and our external experts tell us that we are ready to proceed successfully. They note that our next planning steps are comprehensive, well thought out and that the budget is reasonable and sound.

I look forward to the council's consideration and approval of the High Level Business Plan and the associated deliverables in this transmittal. If you have any questions, please contact Caroline Whalen, ABT Deputy Program Sponsor, at 206-296-3820, or Manny Ovena, ABT Program Manager, at 206-296-4057.

I certify that funds are available for this supplemental budget request.

Sincerely,

Ron Sims  
King County Executive

Enclosures

cc: King County Councilmembers

ATTN: Ross Baker, Chief of Staff

Nancy Glaser, Interim Policy Staff Director

Anne Noris, Clerk of the Council

Bob Cowan, Director, Office of Management and Budget

David Martinez, Chief Information Officer, Office of Information Resource Management

James J. Buck, County Administrative Officer Designee, Department of Executive Services, (DES)

Caroline Whalen, Deputy Program Sponsor, ABT

Manny Ovena, Program Manager, ABT